September 2012

Business

Keeping you up to date with our latest business developments

Come and meet us at **The Energy Event**

If you're going to The Energy Event this year, why not come and join members of the Corporates TPI team for a coffee and a chat on stand G50.

The event is on 11 and 12 September 2012 at the NEC in Birmingham and is a great chance to find out about the latest energy strategies, technologies, legislation and supply news. Famous magician Marvin Berglas, creator of Marvin's Magic, will be providing the entertainment on our stand along with a prize draw, so it promises to be a fantastic event all round. We hope to see you there.

SME TPI Code of Practice - have you signed up yet?

Our SME TPI Code of Practice went live on 1 August 2012 and over 130 of you have signed up to it already. The Code sets out the principles and standards we expect energy brokers and TPIs to meet when you're selling energy to SMEs.

We're hoping other energy suppliers and more TPIs will join, so the Code becomes an industry standard – and we've designed it with that goal in mind. To make sure it's fair and transparent, we've asked Duncan Sedgwick to become the Independent Code Manager. Duncan has a wealth of experience in the energy industry and will be responsible for making sure the Code is administered properly for suppliers, TPIs and customers. You can join or find out more on the **new Code website**, which lists everyone who's signed up and any TPIs who haven't met the Code standards.

A lot of our TPIs have asked what we're doing to ensure standards of best sales practice in our internal sales teams. We've introduced a Field Sales Code of Practice and will shortly be introducing a Direct Sales Code, so our sales through all channels meet the same high standards.

An exciting new way to benefit from fast-moving gas prices

We've introduced a new Gas Cash Out product for businesses using more than 1 million therms per annum at Daily Metered (DM) or Automated Meter Reading (AMR) sites – which removes the need for a forecast accuracy clause and the premium that comes with it.

Customers on our Flex product will predict their consumption in advance as usual, but if there is a difference between their forecast and what they actually use on any day they have the option to buy or sell gas to cover the difference. If more gas is used than planned for in a day, a published market price for that day will be charged. The customer can choose from either the relevant system marginal prices (SMP) or the ICIS Heren Day Ahead offer price. Similarly, if less gas is used, the amount left over will be valued at their chosen market price. If they want, the customer can still buy in advance or default to published Day Ahead prices instead. Talk to your Account Manager for more information.

How Feed-in Tariffs (FiT) could earn your customers money

As you know, the FiT scheme was introduced by the Government to encourage homes and businesses to produce their own renewable, low carbon electricity using solar photovoltaic (PV) panels or wind, hydro or anaerobic digestion (AD) technologies.

But it's more than just a 'green' scheme, it could help businesses earn money and lower their energy costs too, giving them a good return on investment. The FiT scheme pays businesses for every kilowatt of electricity they produce and also for any extra electricity they generate and feed back to the grid. Because they'll be producing some of their own electricity, they'll need less from suppliers, which will help to bring their energy costs down.

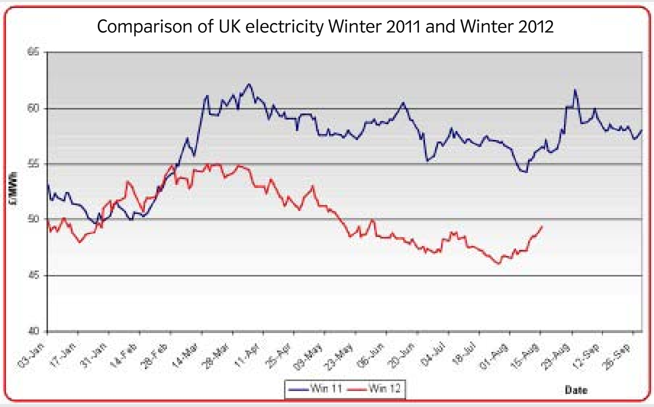
Businesses can produce 5 megawatts (MW) of electricity at any one site, using the renewable sources we've mentioned above or up to 2MW from Combined Heat and Power (CHP) technologies using fossil fuels – if they qualify. FiT can also work alongside the Renewable Obligation (RO) and the Renewal Heat Incentive (RHI).

To get the latest news on FiT we recommend you visit the DECC **website**

Energy market update

Since our last newsletter the markets have remained volatile and there have been big swings in the price of both gas and electricity - making it more important than ever to buy at the right time. At the moment, forward prices are only a little lower than they were in June, but why have there been so many changes over the last three months?

The threat of industrial action by Norwegian oil workers affected the supply of oil and gas to the UK at the end of June, which pushed up the price of oil, gas and electricity. Once the Norwegian government stepped in to deal with the threat, the risk premium soon fell away and prices came down. It was a clear reminder that UK prices are still sensitive to events abroad, even though we're well supplied with gas and electricity from countries around the world and the demand for it has fallen, because of the subdued economy.



The economic recession in the Eurozone and a gloomy forecast for the global economy in general has also affected prices. Over the last quarter, a whole range of statistics on the state of the global economy has led the IMF to downgrade its global growth forecast to 3.25%. Similarly, the Bank of England is now predicting 0% growth for the UK for this year.

Usually this sort of news pushes prices down, but recently we have seen the opposite effect. Many analysts and traders see the worsening economic news as a sign that the US, Eurozone and China will need to announce stimulus measures to kick-start the recovery, both in the Eurozone and globally.

Sticking with the international theme, more liquefied natural gas will be available from mid September, as Japan re-starts some of its nuclear reactors and a new export facility gets underway in Australia, which may affect prices.

Events in the Middle East are still influencing prices too, with the threat of the Syrian conflict spilling over into neighbouring countries, the UN and US shipping restrictions for Iranian oil, and tension between Israel and Iran over Iran's uranium enrichment programme.

Closer to home, it's now the busiest time of year for scheduled maintenance at UK oil and gas fields - including a number of planned pipeline and processing outages in September, which could alter prices. As we move into autumn, global factors are likely to carry on influencing prices, as will the extra demand for gas and electricity in the UK, as winter sets in. As the graph shows, it's best to expect and plan for price swings – but it also shows how much lower gas prices should be for winter 2012, compared to 2011.

To find out more, take a look at our **monthly market report.**

We'll be bringing you more energy news in the new year, including the latest stories from home, abroad and E.ON. If you think any of your colleagues could benefit from this newsletter, they're welcome to request a copy or let your Account Manager know.

We'd love to know what you think of our newsletter. Please talk to your Account Manager about any comments, ideas or requests you have for future issues.